



# Department of Justice

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**THE JUSTICE DEPARTMENT AND THE FEDERAL TRADE COMMISSION**  
**URGE THE GOVERNOR OF MISSOURI**  
**TO CONTINUE TO ALLOW CONSUMER CHOICE**  
**IN REAL ESTATE BROKERAGE SERVICES**

***Proposed Legislation Would Reduce Choice and Cause Missouri Consumers  
to Pay More for Real Estate Services***

WASHINGTON, D.C. – The Department of Justice and the Federal Trade Commission issued a letter urging the Governor of Missouri to veto House Bill 174, because it would change current law to restrict the ability of Missouri real estate professionals to offer customized real estate services. The agencies expressed concern that the enactment of House Bill 174 would reduce consumer choice and cause Missouri consumers to pay more for real estate services.

Currently, Missouri home sellers can choose between a traditional, full-service package of real estate brokerage services and a fee-for-service option that allows home sellers to purchase individual services from an *a la carte* menu. If the bill becomes law, then customers will be forced to purchase potentially unwanted additional services.

“We have seen that consumers in Missouri and throughout the nation can save thousands of dollars on a single home sale by having fee-for-service options,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “If this bill becomes law, Missouri consumers will be denied the benefits of robust competition without obtaining any countervailing benefits.”

In Missouri, home sellers have the option to purchase the service of listing their property on the local multiple listing service separately without also having to purchase the broker's negotiation service. If House Bill 174 is enacted, however, real estate professionals entering into exclusive brokerage agreements with their clients would have to provide a state-mandated minimum service package that includes many duties associated with negotiating a property sales contract. Because most multiple listing services in Missouri require a broker to have an exclusive brokerage agreement before real estate professionals may list properties, Missouri consumers in those areas will be adversely affected by this proposed change in the law.

The joint Department of Justice and FTC letter said that the bill would likely harm competition in two ways. First, consumers who live in areas where real estate professionals are required to enter into exclusive brokerage agreements before they can post listings on the MLS will have to purchase these additional services and can expect to pay more. Second, without competition from fee-for-service brokers, the prices for traditional, full-service packages will likely increase.

"The Commission urges Governor Blunt to veto House Bill 174, which would restrict the ability of fee for service real estate brokers to respond to the demands of Missouri consumers," said FTC Chairman Deborah Platt Majoras. "The bill would decrease options for Missouri's consumers and likely increase real estate service prices."

The Governor of Missouri has until July 16, 2005 to veto House Bill 174. Under Missouri law, the governor must veto the bill for it not to become law. Should the governor not veto the bill, it will become effective on August 28, 2005.

A copy of the letter sent to the Governor of Missouri is available from the Department of Justice and the Federal Trade Commission. The Department of Justice's website is <http://www.usdoj.gov/atr>; the Federal Trade Commission's website is <http://www.ftc.gov>. For more information on the letter at the Department of Justice, contact John R. Read, Chief of Litigation III section, at 202-307-0468. For more information on the letter at the Federal Trade Commission, contact James Cooper, Attorney Advisor of the FTC Office of Policy Planning, at 202-326-3367. Paper copies of the letter are also available from the Justice Department's Antitrust Documents Group and the Federal Trade Commission's Consumer Response Center.

The Justice Department's Antitrust Documents Group can be contacted by telephone: 202-514-2481, fax: 202-514-3763, or e-mail: [atrdoc.grp@usdoj.gov](mailto:atrdoc.grp@usdoj.gov). The Federal Trade Commission's Consumer Response Center can be contacted at Room 130, 600 Pennsylvania Avenue, N.W. Washington, D.C. 20580. Call toll free: 1-877-FTC-HELP.

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